

**Part 2A of Form ADV: Firm Brochure**  
**Item 1: Cover Page**

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**May 2021**



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This brochure provides information about the qualifications and business practices of Cornerstone Retirement Group, Inc. dba Cornerstone ("Cornerstone"). If you have any questions about the contents of this brochure, please contact us by telephone at 775-853-9033 or email [info@cornerstoneway.com](mailto:info@cornerstoneway.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about Cornerstone also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD# 157861.

Please note that the use of the term "registered investment adviser" and description of Cornerstone and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure**

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Cornerstone is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure.

### **Material Changes**

Since the last annual amendment filed on March 16, 2021, the following changes have been made:

- Our firm's forgivable loan through the Paycheck Protection Program has been forgiven on March 28, 2021.

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## **Item 4: Advisory Business**

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### **Firm Description**

Cornerstone is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of Nevada. Cornerstone has been in business as an investment advisor since 2011 and is wholly owned by Christopher Abts.

Cornerstone specializes in the following types of services: Comprehensive Wealth Management and Pension Consulting. Cornerstone's current clients include individuals and high net worth individuals, to pension and profit-sharing plans, trusts, estates, charitable organizations, doctors and small businesses. Investment advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, retirement planning, and estate planning.

### **Types of Advisory Services**

#### **COMPREHENSIVE WEALTH MANAGEMENT:**

Our Comprehensive Wealth Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), individual stocks or bonds, or other securities or the use of a third party platform manager, Envestnet Asset Management, Inc. ("Platform Manager") or the use of a Third Party Money Manager(s) ("Asset Manager"). Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least annually. Our Platform Manager or Asset Manager may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### **PENSION CONSULTING:**

We provide ongoing pension consulting services to employer plan sponsors. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

## EDUCATION EVENTS:

We offer complimentary, educational events to both clients and the general public throughout the year. Our education events are typically hosted by, Christopher Abts. Workshop topics include investment planning, income planning, tax planning, estate planning, and legacy planning. For additional information, or to find out about upcoming, free education events, please visit our website.

### *Client Events*

Throughout the year, our firm hosts complimentary special events for current clients. While certain events center around client appreciation, other events are educational and meant to provide clients with further insight into investment strategies. For additional information, or to find out about upcoming client events, please contact our office at 775-853-9033.

## **Tailoring of Advisory Services**

We offer individualized investment advice to clients utilizing our Comprehensive Wealth Management service. Additionally, we offer general investment advice to clients utilizing our Pension Consulting Service. The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written client consent.

## **Wrap Fee Programs**

Cornerstone does not participate in wrap fee programs.

## **Regulatory Assets Under Management**

As of December 31, 2020, we manage<sup>1</sup> \$447,407,669 on a discretionary basis and \$0 on a non-discretionary basis.

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## **Item 5: Fees & Compensation**

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### **Methods of Compensation & Fee Schedules**

#### COMPREHENSIVE WEALTH MANAGEMENT:

The fee to be charged will be outlined in Schedule A of the Investment Management Agreement or the Statement of Investment Selection ("SIS") provided by the Platform Manager for clients using the Platform Manager. The total maximum annual advisory fee to be charged for services will not exceed 2.50%. For Platform Manager accounts that fall below the minimum account balance, a minimum annual platform fee of \$75 will be assessed. Please refer to the Platform Manager's *Managed Account Solutions Terms and Conditions* for account minimums.

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<sup>1</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. We have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

Fees will be based on the scope and complexity of our engagement with you. The total advisory fee shall be billed to clients by the Platform Manager or by our firm depending on the executed client agreement. For Platform Manager accounts, a portion of the total advisory fee not to exceed 1.25% will be paid to our firm. In all cases, annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account on the last business day of the prior calendar quarter and will be deducted from the Client's managed account. As part of this process, you acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) The Platform Manager or our firm depending on the signed agreement will calculate the advisory fees for all fee schedules and deducts them from the client accounts
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

#### **PENSION CONSULTING:**

The maximum annual advisory fee to be charged by Cornerstone is 1.00%. Fees are negotiable. The total annual fee assessed to the Client's account(s) will be specified in a signed advisory agreement. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Fee-paying arrangements for pension consulting services will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for these fees.

#### **Additional Client Fees Charged**

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Fidelity Brokerage Services ("Fidelity") eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Clients who do not meet either criteria will be subject to transaction fees charged by Fidelity for U.S. listed equities and exchange traded funds.

Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), postage and handling and miscellaneous fees (fees levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

#### **Termination & Refunds**

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

## **Commissionable Securities Sales**

We do not sell securities for a commission in our advisory accounts.

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### **Item 6: Performance-Based Fees & Side-By-Side Management**

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Our fees are not based on a share of the capital gains or capital appreciation of managed accounts. Cornerstone does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client. We do not accept performance-based fees.

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### **Item 7: Types of Clients & Account Requirements**

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Cornerstone currently has the following types of clients:

- Individuals and High Net Worth Individuals;

Additionally, we offer our services to the following types of clients:

- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Doctors and/or Small Businesses.

Client relationships vary in scope and length of service. Cornerstone requires a minimum household balance of \$250,000 for our Comprehensive Wealth Management service. This minimum household balance would be required to be maintained throughout the course of the client's relationship with our firm but is negotiable on a case by case basis. Additionally, Platform Managers utilized by Cornerstone may have minimums to open accounts on their platform.

Clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity will not be charged transaction fees for U.S. listed equities and exchange traded funds.

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### **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

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#### **Methods of Analysis**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Financial Plan Analysis:** When creating a financial plan, Cornerstone utilizes fundamental analysis to provide review of insurance policies for economic value and income replacement. Technical analysis is used to review mutual funds and individual stocks. The main sources of information include Morningstar, client documents such as tax returns and insurance policies. In developing a financial plan for a client, Cornerstone's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation. The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

**Third-Party Money Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **Investment Strategies**

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-Term Purchases:** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically, we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Short-Term Purchases:** When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we



purchase.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our Platform Manager may debit advisory fees for our services related to Comprehensive Wealth Management as applicable.

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## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

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## **Item 10: Other Financial Industry Activities & Affiliations**

Our firm is additionally licensed as an insurance agency. As such, representatives of our firm may be licensed insurance agents who offer life insurance policies as well as fixed insurance products and receive normal and customary commissions as a result of any purchases made by the clients. Clients are under no obligation to purchase these products. To mitigate this conflict of interest, disclosure is made to the client at time of purchase identifying the nature of the transaction and relationship, the role to be played by and any compensation paid to our advisory representatives. In every case the interests of the clients are placed before that of our advisory representatives.

Cornerstone utilizes the services of a Platform Manager or Asset Manager to manage client accounts. Prior to referring clients to the Platform Manager or Asset Manager, we will ensure that the Platform Manager(s) or Asset Manager(s) are licensed or notice filed with the respective authorities. In such circumstances, Cornerstone will share in the Platform Manager's or Asset Manager(s) advisory fee. These fees do not include brokerage fees that may be assessed by the custodial broker dealer. Fees for these services will be based on a percentage of assets under management not to exceed any limit imposed by any regulatory agency. The fee schedule will be attached to the Statement of Investment Selection or in the Management Agreement.

Neither Cornerstone nor its management persons are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer nor are any of its management persons registered, or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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The employees of Cornerstone have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Cornerstone employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Cornerstone. The Code reflects Cornerstone and its supervised persons' responsibility to act in the best interest of their client.

One area which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Cornerstone's policy prohibits any person from acting upon or otherwise misusing non- public or inside information. No advisory representative or other employee, officer or director of Cornerstone may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Cornerstone's Code is based on the guiding principle that the interests of the client are our top priority. Cornerstone's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Cornerstone and its employees do not recommend to clients securities in which we have a material financial interest.

Cornerstone and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Cornerstone with copies of their brokerage statements. The Chief Compliance Officer of Cornerstone is Mr. Christopher Abts. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions. Employees comply with the provisions of the Cornerstone *Compliance Manual*.

Cornerstone does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

## Item 12: Brokerage Practices

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### Selecting a Brokerage Firm

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm has an arrangement with Fidelity Brokerage Services, LLC ("Fidelity"). Fidelity offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions.

Fidelity may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Fidelity may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity to our firm in the performance of our investment decision-making responsibilities.

As a result of receiving these services, we may have an incentive to continue to use or expand the use of Fidelity services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity commission rates are generally discounted from customary retail commission rates. The commission and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Fidelity that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### **Soft Dollars**

Our firm does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

### **Client Brokerage Commissions**

Our firm does not use client brokerage commissions to obtain research or other products or services. We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits nor does our firm receive brokerage for client referrals.

### **Directed Brokerage**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of Fidelity. Each client will be required to establish their account(s) with Fidelity if not already done. Please note that not all advisers have this requirement.

### **Client Directed Brokerage**

We do not allow client-directed brokerage outside our custodial recommendations.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Aggregation of Purchase or Sale**

In cases where our firm manages client accounts, we perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of

concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

For information regarding Platform or Asset Manager's trading policies and procedures please see the Platform or Asset Manager's ADV which shall be provided when referred to the Platform or Asset Manager.

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### **Item 13: Review of Accounts or Financial Plans**

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Our Financial Advisors review accounts on a regular periodic basis for all of our clients. These reviews occur no less than annually and the nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the client's custodian. Clients receive confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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### **Item 14: Client Referrals & Other Compensation**

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#### **Client Referrals**

We do not pay, nor do we receive referral fees (non-commission based) to or from independent solicitors (non-registered representatives) for the referral clients in accordance with relevant state statutes and rules.

#### **Other Compensation**

We receive an economic benefit from Fidelity in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

Our firm obtains a "marketing allowance" from our annuity provider, Advisors Excel, in the amount of 0.10% on the paid annuity production of producers in the area who are affiliated with our annuity provider as well as 0.20% on the production of producers in the area who become affiliated with our annuity provider. Our eligibility in this program is contingent on placement of a minimum of \$10,000,000 of paid annuity premium through Advisors Excel per calendar year. As a result, our firm has a conflict of interest in recommending annuities through Advisors Excel. To the extent our firm

recommends the use of Advisors Excel, it is because our firm believes that it is in the Client's best interest to do so based on the quality and other services provided by Advisor Excel.

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### **Item 15: Custody**

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Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguarding procedures in conjunction with our custodian, Fidelity:

- Fidelity's forms, used to establish a standing letter of authorization, include the name and account number on the receiving account and must be signed by the client.
- Fidelity's SLOA forms currently require client's signature.
- Fidelity performs verification on all SLOA forms and sends a transfer of notice to the client promptly following the transaction.
- Clients always have the ability to terminate (or amend) an SLOA in writing.
- Our firm has no authority, or ability, to amend the third party designated on a standing instruction.
- Our firm maintains records showing the third party is not a related party of our firm or located at our firm.
- Fidelity notifies the client in writing when a new standing instruction is set up. Clients also receive an annual mailing reconfirming the existence of the standing instruction

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### **Item 16: Investment Discretion**

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Clients provide our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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### **Item 17: Voting Client Securities**

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Cornerstone does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## **Item 18: Financial Information**

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### **Inclusion of a Balance Sheet**

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Our firm does not require nor is prepayment solicited for more than \$1,200 in fees per client, 6 months or more in advance. Therefore, our firm has not included a balance sheet for our most recent fiscal year.

### **Disclosure of Financial Condition**

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Our firm has nothing to disclose in this regard.

### **Bankruptcy Petition**

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Our firm has nothing to disclose in this regard.